

Issue No.	Statement of Issue	Petitioners' Proposed Contract Language	Petitioners' Rationale	Verizon's Proposed Contract Language	Verizon VA Rationale
Network Architecture					
VII-2	Should the Parties' interconnection agreement reflect their recent agreement on Demand Management Forecasts	AT&T Proposed § 10.4 of the Verizon/AT&T Agreement.	Resolved.		
VII-3	How should the Parties Define "Interconnection Points" ("IP") and "Points of Interconnection" ("POI")?	AT&T Proposed §§ 4.1. and Schedule 4 of Verizon/AT&T Agreement Refer to the language cited in the discussion of Issue I-1.	<p><i>This Issue is addressed in the Revised Direct Testimony of David L. Talbott and John D. Schell, Jr. at 134-135. It is virtually the same issue as Issue VII-1, and is closely related to the issues discussed in Issues I.1, VII-4 and VII-5.</i></p> <p><i>AT&T rejects Verizon's assertion that the Parties ever came to an agreement on the terms POI and IP. There is, and has been since the inception of negotiations, a fundamental disagreement on the substance of these terms and the consequences flowing from the use of these terms. Verizon is simply trying to promote its unsupportable position that AT&T absorb a part of the costs of bringing Verizon customer calls to AT&T customers.</i></p> <p><i>As shown in Issues VII-1 and Issue I.1, by using the term "IP" in its Contract language Verizon attempts to sever from "POI" the financial responsibility of each carrier to deliver its originating traffic to that point. AT&T has shown that the ability to determine the POI is inextricably linked to the responsibility to pay for the transport</i></p>	<p>1.46 "IP" or "Interconnection Point" means the point at which a Party who receives Local Traffic originating on the network of the other Party assesses Reciprocal Compensation charges for the further transport and termination of that Local Traffic. It also means the point on the terminating Party's network to which the originating Party is financially responsible to deliver its Local Traffic for completion.</p> <p>1.63 "Point of Interconnection" or "POI" means the physical location where the originating Party's facilities physically interconnect with the terminating Party's facilities for the purpose of exchanging traffic.</p> <p>4.1.2 Points of Interconnection. As and to the extent required by Section 251 of the Act, the Parties shall provide Interconnection of their networks at any technically feasible point, as described in Section 4.2. To the extent the originating Party's Point of Interconnection ("POI") is not located at the receiving Party's relevant Interconnection Point ("IP"),</p>	<p>Prior to the Commission filing, both Verizon VA and AT&T's interconnection agreements defined POI as the physical location where the Parties exchanged traffic and the IP as the point where financial responsibility changes hands. Nevertheless, with this filing, AT&T has changed its mind. It now defines the POI as the physical place where the Parties exchange traffic and the point where financial responsibility changes hands.</p> <p>Verizon VA defines the POI, as did AT&T prior to filing its Petition, as the place where the ILEC and CLEC physically interconnect their respective networks. An IP is the place in the network at which one local exchange carrier hands over financial responsibility for traffic to another local exchange carrier. A POI and an IP may be at the same place but do not have to be. Pursuant to Verizon VA's proposal, Verizon VA is financially responsible for delivering its traffic to the CLEC's IP. Once Verizon VA delivers traffic originating on its network to the CLEC's IP, then the CLEC is responsible for transporting the traffic</p>

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			<p><i>to that point. Verizon's insistence on maintaining the term "IP" in its proposed Contract language is nothing more than an attempt by Verizon to distract the Commission from following clear precedent establishing that the location of the POI, which is to be selected by the CLEC, is also the location where parties must deliver their originating traffic for termination and bear the costs of doing so.</i></p> <p><i>There is no support for the distinction that Verizon attempts to make. Verizon has not pointed (and cannot point) to a single statutory or FCC citation that addresses the two terms and describes the differences between them. Indeed, no such citations exist. In contrast, there is ample support for AT&T's position. This is covered in detail in Issue I.1.</i></p>	<p>the originating Party is responsible for transporting its traffic from its POI to the receiving Party's relevant IP.</p> <p>4.1.3 Interconnection Points. Each Party is responsible for delivering its Local Traffic that is to be terminated by the other Party to the other Party's relevant IP. The originating Party will be responsible for providing transport on its side of the other Party's IP and the terminating party will be responsible for providing transport on its side of its IP, and the cost of such transport will be recovered through reciprocal compensation.</p>	<p>to its customer. AT&T should not be able to thwart negotiations that have proved fruitful for more than a year and interject new contract definitions at the last minute.</p> <p>Verizon VA Direct Testimony on Non-Mediation Issues, pages 4-16; Verizon VA Rebuttal Testimony on Non-Mediation Issues, pages 2-11.</p>
VII-4	If AT&T fails to establish an Interconnection Point in accordance with the terms of the interconnection agreement, what reciprocal compensation rates and/or inter-carrier compensation rates should Verizon pay AT&T?	<p>Refer to Verizon's Proposed change to Section § 4.2.7 attached to the Verizon/AT&T Agreement.</p> <p>AT&T Proposed Schedule 4 attached to the Verizon/AT&T Agreement.</p>	<p><i>These Issues are addressed in the Revised Direct Testimony of David L. Talbott and John D. Schell, Jr. at 136-140.</i></p> <p><i>These two issues are related because they both represent another attempt by Verizon to limit its obligations for delivering its traffic to the designated end user. These issues also both serve as prime examples as to how Verizon's use of the term "IP" results in diminishing AT&T's rights under</i></p>	<p>4.1.3.4 At any time that AT&T establishes a Collocation site at a Verizon End Office, then either Party may request that such AT&T Collocation site be established as the AT&T-IP for traffic originated by Verizon Customers served by that End Office. Such request shall be negotiated pursuant to the Joint Grooming Plan process, and approval shall not be unreasonably withheld or delayed. To the extent that the Parties have already</p>	<p>In conjunction with Verizon VA's response and proposal to Issue I-1, Verizon VA proposes contract language that addresses what reciprocal compensation rates apply as a result of AT&T's choices in determining geographically relevant interconnection points. Verizon VA's proposed contract offers AT&T choices in determining its IPs at Verizon VA tandem locations. If AT&T fails to establish an IP within a commercially reasonable period of</p>

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			<p><i>the law.</i></p> <p><i>In Section 4.1.2 of its proposed contract draft, Verizon provides that it shall permit AT&T to interconnect at any technically feasible point (POI) on Verizon's network. However, in Verizon's view, it should have no financial obligation to provide interconnection facilities between the Verizon-designated "IP" and the POI. Thus, the POI chosen by AT&T under Verizon's proposal has no relation to the point where transport and termination costs begin. Through these two issues, Verizon wants to saddle AT&T with its transport obligations to deliver its traffic to AT&T.</i></p> <p><i>Verizon's proposal in Issue VII-4 is designed to reduce AT&T's reciprocal compensation rates if AT&T does not establish a POI at each applicable end office where Verizon can hand off its traffic to AT&T. Specifically, if AT&T does not choose to allow Verizon to deliver all its traffic to Verizon's designated IP for AT&T to pick up, then Verizon proposes to pay the lesser of the End Office reciprocal compensation rate for relevant traffic, or the applicable intercarrier compensation rate minus a transport "offset" equal to Verizon's monthly recurring rate for</i></p>	<p>implemented network Interconnection in a LATA at a point that is not geographically relevant (as that term is described above) or another AT&T-IP, then upon Verizon's request for a geographically relevant AT&T-IP at such End Office Collocation, the Parties shall negotiate a mutually-acceptable transition process and schedule to implement the requested geographically-relevant IPs. If AT&T should fail to establish an IP at an End Office Collocation site pursuant to Verizon's request, or if the Parties have been unable to agree upon a schedule for completing a transition from existing arrangements to geographically-relevant AT&T-IPs or to an End Office Collocation site AT&T-IP within sixty (60) days following Verizon's request, AT&T shall bill and Verizon shall pay the applicable Local Call Termination End Office rate for the relevant NPA-NXX, as set forth in Exhibit A, less Verizon's monthly recurring rate for unbundled Dedicated Transport from Verizon's originating End Office to the AT&T-IP.</p>	<p>time, Verizon VA should not be required to absorb the transport costs resulting from AT&T's choices.</p> <p>Contrary to AT&T's claims, there is nothing "reciprocal" or "mutual" about AT&T's proposal. If the Commission accepts AT&T's proposal, AT&T will have the unilateral ability to pick its POI, and if AT&T chooses not to "mutually agree" to the POI designated by Verizon VA, AT&T chooses where that point or points will be located. Because Verizon VA has more places on its network from which AT&T can pick and choose where to deliver its originating traffic, AT&T can limit its transport costs. It limits its transport costs because with more points at which AT&T can "drop off" its originating traffic, the fewer miles its traffic travels before it is handed off. When AT&T's originating traffic only has to travel a few miles, it follows that the transport expenses will be less costly. Verizon VA's proposal is meant to cushion the financial "blow" Verizon VA would incur if AT&T's position is adopted. Verizon VA's GRIP and VGRIP proposals provide both Parties with choices such that each Party takes responsibility for the origination, transport, and termination of its traffic.</p>

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			Network Architecture		
			<p><i>unbundled dedicated interoffice transport from Verizon's End Office to the AT&T "IP." Verizon Supplemental Statement at 33-34. The transport offset is simply Verizon's way to get AT&T to pay for the transport of Verizon traffic beyond Verizon's end office.</i></p> <p><i>Verizon's proposal violates the Act's reciprocal compensation requirements. The Act dictates that each carrier shall be permitted mutual and reciprocal recovery of costs relating to the termination of calls originated on another carrier's network. Specifically, § 252(d)(2)(A) of the Act provides:</i></p> <p><i>[A]sate commission shall not consider the terms and conditions for reciprocal compensation to be just and reasonable unless...such terms and conditions provide for the mutual and reciprocal recovery by each carrier of costs associated with the transport an termination on each carrier's</i></p>		<p>Verizon VA Direct Testimony on Non-Mediation Issues, pages 15-18; Verizon VA Rebuttal Testimony on Non-Mediation Issues, pages 11-13.</p>

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			<p>Network Architecture</p> <p><i>network facilities of calls that originate on the network facilities of the other carrier.</i></p> <p><i>Verizon's proposal in Issue VII-5 provides Verizon with yet another way to reduce its financial obligations to deliver traffic to a POI. Verizon proposes that in instances when Verizon decides to purchase transport from the "POI to an AT&T IP" (that is, purchase transport to a POI), if AT&T selects a limited number of locations for Verizon to deliver its traffic, then Verizon should not have to pay AT&T any distance-sensitive charges incurred by AT&T for this transport. Verizon Supplemental Statement at 34.</i></p> <p><i>Through this proposal, Verizon is seeking to shift its costs of origination to AT&T by refusing to pay AT&T the costs it would incur should Verizon use AT&T facilities to deliver its traffic to the POI. As shown in Issue I.1, each Party has a financial obligation to deliver its originating traffic to the POI. This obligation includes fully compensating the other Party for any costs that party incurs to deliver the other party's originating traffic. Verizon's proposal is inconsistent with this</i></p>		

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			<p>obligation.</p> <p>Moreover, Verizon's proposal is not reciprocal in nature. Rather, as shown in Issue V.2, Verizon proposes that it should be able to charge AT&T distance-sensitive, market-based, exchange access rates – Verizon's highest tariffed rate -- whenever AT&T purchases transport from Verizon for the same purpose. The inequities of these two proposals taken together are obvious.</p> <p>AT&T's proposal provides both Parties with the right to be fully and fairly compensated for any costs incurred by it when providing transport for the other parties originating traffic. AT&T's proposed Contract language provides each Party the ability to control its costs by choosing to build its own transport facilities or to lease them from the other Party.</p>		
VII-5	When AT&T offers a limited number of IPs, should AT&T charge Verizon distance sensitive charges if Verizon purchases transport to an AT&T IP?	<p>Refer to Verizon's Proposed change to Section § 4.2.7 attached to the Verizon/AT&T Agreement.</p> <p>AT&T Proposed of Schedule 4 attached to the Verizon/AT&T Agreement.</p>	See Rationale for Issue VII-4.	4.2.7 AT&T shall charge Verizon no more than a non-distance sensitive Entrance Facility charge as provided in Exhibit A for the transport of traffic from a Verizon POI to an AT&T-IP in any given LATA.	<p>In those instances when Verizon VA must purchase transport from the POI to an AT&T IP, it may have to provide transport over a significant distance. As a result of the imbalance between the number of AT&T IPs and Verizon VA IPs, Verizon VA should not have to bear additional distance-sensitive charges.</p> <p>As previously explained, Verizon</p>

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					<p>VA should be permitted to request an IP at a collocation cage at the end office if the Petitioner has a collocation site at that location. The CLECs should be financially responsible for the transport from the collocation site to its switch. If the Commission disagrees with Verizon VA's position and makes Verizon VA financially responsible for delivering its originating traffic to the POI when Petitioners establish one POI anywhere in the LATA, which it should not, then Verizon VA should not have to pay a distance sensitive rate element. Verizon VA's proposal limits the amount a CLEC could charge to a non-distance sensitive entrance facility charge. This is only fair for the same reasons Verizon VA provides in support of its position on Issue I-1. Verizon VA is limited in its options with respect to where it can deliver its originating traffic and should not bear the financial consequences resulting from a CLEC's decision to select a distant POI.</p> <p>Verizon VA Direct Testimony on Non-Mediation Issues, pages 15-18; Verizon VA Rebuttal Testimony on Non-Mediation Issues, pages 11-13.</p>
VII-6	Should Verizon be forced to offer interconnection facilities and hubbing at central offices other than those	Verizon Proposed § 5.2.1 of the Verizon/AT&T Agreement is as	<i>This Issue is addressed in the Revised Direct Testimony of David L. Talbott and John D. Schell, Jr. at 141-146</i>	5.2.1 Traffic Exchange Trunk group connections will be made at a DS-1 or DS-3 level. Higher speed	The inclusion of § 5.2.1 is necessary because not all Verizon VA central offices are intermediate hub locations

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	intermediate hub locations identified in the NECA 4 tariff?	<p>follows:</p> <p>Traffic Exchange Trunk group connections will be made at a DS-1 or DS-3 level. Higher speed connections shall be made, when and where available, in accordance with the Joint Implementation and Grooming Process prescribed in Section 10. [When Traffic Exchange Trunks are provisioned using a DS-3 interface facility, AT&T shall order the multiplexed DS-3 facilities to the Verizon Central Office that is designated in the NECA 4 Tariff as an Intermediate Hub location, unless otherwise agreed to in writing by Verizon]. Ancillary Traffic trunk groups may be made below a DS-1 level, as may be mutually agreed to by both Parties. Red text indicates VZ-proposed language which AT&T disagrees with.</p>	<p><i>and the Revised Rebuttal Testimony of David L. Talbott and John D. Schell, Jr. at 37-39.</i></p> <p><i>This is yet another version of the dispute over AT&T's right to designate the location of its POI. In this iteration of the POI issue, Verizon asserts that AT&T and other CLECs should be limited solely to interconnecting using a DS-3 interface at locations which Verizon designates in its NECA 4 tariff. Verizon attempts to justify this limitation on the fact that "not all Verizon Central Offices are Intermediate Hub locations designated for DS-3 interface facilities." Id. Contrary to applicable law, Verizon's limitation would give Verizon the sole discretion to choose the locations where CLEC interconnection would be permitted and moreover give it the power to enforce those limitations via tariff requirements.</i></p> <p><i>Verizon would allow DS-3 CLEC interconnection only at certain Verizon designated offices even though DS-3 CLEC interconnection is technically feasible at any Verizon serving wire center. A DS-3 interface is among the most commonly used interoffice interfaces currently deployed in Verizon's own network.</i></p>	<p>connections shall be made, when and where available, in accordance with the Joint Implementation and Grooming Process prescribed in Section 10. When Traffic Exchange Trunks are provisioned using a DS-3 interface facility, AT&T shall order the multiplexed DS-3 facilities to the Verizon Central Office that is designated in the NECA 4 Tariff as an Intermediate Hub location, unless otherwise agreed to in writing by Verizon. Ancillary Traffic trunk groups may be made below a DS-1 level, as may be mutually agreed to by both Parties.</p>	<p>designed for DS-3 interface facilities. AT&T refuses to order "Muxed DS-3" facilities to a Verizon VA central office designated as an intermediate hub location for local interconnection trunks, as it has as an IXC for years. With a "Muxed DS-3" the carrier orders a DS-3 that is multiplexed down into 28 separate DS-1s that all ride on the same DS-3. This is a different arrangement than when a carrier orders a regular DS-3, where Verizon VA interconnects the full 45 megabit DS-3 bandwidth to the carrier, without providing any multiplexing. These central offices are designated in the NECA 4 Tariff.</p> <p>Intermediate hub locations are those locations designated in the NECA 4 Tariff that are capable of handling the multiplexing of 28 individual DS-1 facilities into a DS-3 facility. To provide this service for multiple carriers, Verizon VA uses a 3/1 electronic digital cross connect machine located in its central office. Not all central offices have the 3/1 electronic digital cross connect machines that Verizon VA uses to multiplex DS-1s into DS-3s for multiple carriers. The 3/1 digital cross connect machine is a large expensive piece of specialty transport equipment. In addition, if AT&T orders DS-3 facilities to an office that</p>

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			<p>Network Architecture</p> <p><i>There can be no question that Verizon is capable of providing a DS-3 interface at each Verizon serving wire center.</i></p> <p><i>Commission precedent supports AT&T's position that Verizon must accept AT&T's interconnection traffic at a DS-3 level at a particular end office even if it has not traditionally accepted traffic at the DS-3 level at a particular location in the past. The Local Competition Order addresses this precise issue. In that Order, the Commission found as follows (at ¶ 202, emphasis supplied):</i></p> <p><i>[I]nterconnecting or providing access to a LEC network element may be feasible at a particular point even if such interconnection or access requires a novel use of, or some modification to, incumbent LEC equipment. This interpretation is consistent with the fact that incumbent LEC networks were not designed to accommodate third-party interconnection or use of network elements at all or even most points within the network. If incumbent LECs were not required, at least to some extent, to adapt their facilities to interconnection or use by other carriers, the purposes of sections 251(c)(2) and 251(c)(3) would often be frustrated. For example, Congress</i></p>		<p>is not a designated intermediate hub, Verizon VA may not have sufficient interoffice facilities from that office to get to other offices in the LATA. Contrary to AT&T's claims, Verizon VA has made substantial accommodations to its network architecture and facilities. In doing so, Verizon VA expects that AT&T will go to the NECA 4 Tariff to find out where Verizon VA has the necessary equipment to handle AT&T's interconnection request. This is entirely consistent with AT&T's practice as an IXC when purchasing access using multiplexed DS-3 facilities.</p> <p>Verizon VA Direct Testimony on Non-Mediation Issues, pages 32-34; Verizon VA Rebuttal Testimony on Non-Mediation Issues, pages 18-19.</p>

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			<p>Network Architecture</p> <p><i>intended to obligate the incumbent to accommodate the new entrant's network architecture by requiring the incumbent to provide interconnection "for the facilities and equipment" of the new entrant. Consistent with that intent, the incumbent must accept the novel use of, and modification to, its network facilities to accommodate the interconnector or to provide access to unbundled elements.</i></p> <p><i>Therefore, the Commission should reject Verizon's proposed language on legal grounds alone.¹</i></p> <p><i>Moreover, as shown in Issue III.3, the right to require interconnection at any technically feasible point also includes the right to require any technically feasible method of interconnection. The Commission made this clear in the Local Competition Order when it found (at ¶ 549):</i></p> <p><i>We conclude that under Sections 251(c)(2) and 251(c)(3) any requesting carrier may choose any method of technically feasible interconnection or access to unbundled network elements at a particular point. Section 251(c)(2) imposes an interconnection duty at any technically feasible point; it does not limit that duty to a specific method</i></p>		

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			<p>Network Architecture</p> <p><i>of interconnection or access to unbundled network elements.</i></p> <p><i>The DS-3 interface is a technically feasible and economical method of interconnection. The interconnection of two networks is a multi-dimensional task. There is a geographic aspect, e.g., at which central office. There is a logical aspect, e.g., how will traffic be routed under various traffic load conditions. And there is the aspect relating to the method of interconnection, that includes, the interface selection, transmission protocol, transmission speed and the physical connection. Implementing current, SONET-based transmission systems, two interfaces stand out as the most economical and prevalent among local carriers. They are DS-1 and DS-3. A DS-1 interface is most economical in situations with relatively low volumes of traffic. However, once a certain location reaches several DS-1s of demand, substantial savings can be realized by utilizing a DS-3 interface. This threshold is frequently reached when the demand for access to UNEs and network interconnection are considered collectively. These savings may come in the form of lower leased facility rates and/or the elimination of DS-1 to DS-3 multiplexing and cross connecting</i></p>		

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			<p>Network Architecture</p> <p><i>equipment. AT&T makes substantial use of DS-3 interfaces across all of its local networks with many ILECs.</i></p> <p><i>If the Commission were to adopt Verizon's proposal to limit DS-3 interfaces only to Verizon-designated locations, then AT&T may be faced with having to use more expensive DS-1 facilities in lieu of DS-3 facilities, or to misroute traffic to a more distant location to use a DS-3 facility. In either case, AT&T would be forced to deploy a less efficient interconnection arrangement than it would without Verizon's proposed limitation. This would be particularly troublesome since the additional costs AT&T would bear under this limitation would likely be additional revenue to Verizon in the form of higher leased facility costs to AT&T. Thus, Verizon's proposal provides it with a double incentive; first, to limit DS-3 interconnection which will increase its revenue, and second, to diminish the network efficiencies of its competitors.</i></p> <p>ENDNOTES</p> <p><i>1/ Verizon's assertion that AT&T's refusal to limit its interconnection options is somehow wrong because it is inconsistent with its practice as an IXC is without merit. See, Verizon</i></p>		

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			<i>Supplemental Statement at 35. It is well recognized that AT&T has different rights as a local exchange carrier under the Act, than it does an interexchange carrier. IXC practices are not relevant to this issue</i>		
VII-7	Should AT&T deliver untranslated 8YY traffic to the appropriate Verizon access tandem?	This issue has been resolved between AT&T and Verizon.	Resolved.		Resolved.

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